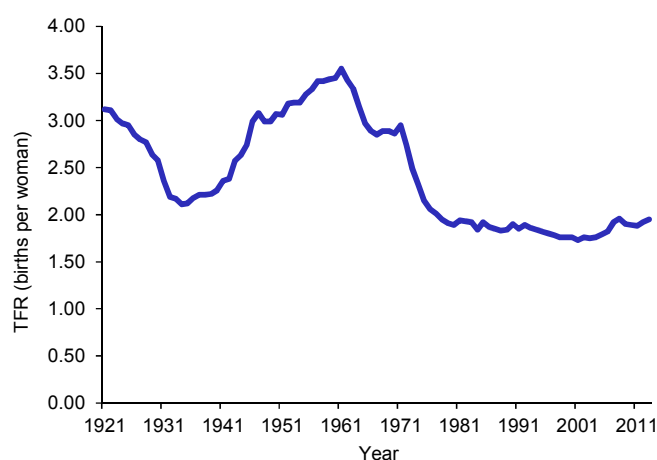


Fertility in Australia has remained steady despite policy swings

Policy Brief No. 2

For the past 40 years, the total fertility rate in Australia has fluctuated within a narrow range of 1.73 and 1.96 births per woman, not far below the replacement level of about 2.1 births per woman. Fertility has remained at this level while the Government has introduced, modified, and in some cases withdrawn, a range of programmes to benefit families with children. With fertility sustained at a moderate level, population policy today is limited to policy on immigration, which is primarily related to labour demand.

Total fertility rate, Australia, 1921–2013



Allowances and tax deductions

The system of family support schemes in Australia is complicated and tends to change frequently, particularly as control of the government shifts between the Coalition Parties that have tended to favour the male-breadwinner model and the Labour Party that has been more supportive of working women. In strong support for working women, the Industrial Court declared in 1972 that women and men should be entitled to equal pay for equal work. Around the same time, all restrictions upon the employment of married women were removed. In 1976, earlier tax deductions for children and payments on the birth of a child were replaced with a universal per-child cash payment to the mother (or principal caregiver) called family allowance. The same payment was made to families at all income levels, but the Government provided additional child-related payments to lower-income families.

Between 1983 and 1989, the additional payments to low-income families increased in real terms by 45–86 per cent,

while the universal per-child cash payment lost nearly half of its value. This large relative increase in the value of payments to low-income families operated as a work disincentive. These payments are now combined into a single payment called Family Tax Benefit Part A (FTBA). Because this benefit is means tested and family incomes have risen faster than prices, 25 per cent of families today receive no child payments at all.

In 1999, in an effort to provide more support to families with stay-at-home mothers, all previous single-income family payments were combined into a single, larger payment that was heavily income tested on the income of the second earner. This payment, which is known as the Family Tax Benefit Part B (FTBB), operates as a work disincentive for mothers.

Policies to help balance work and family

In apparent contradiction, successive Australia governments from the 1970s onwards have introduced policies designed to make it easier for mothers to stay in the workforce. Partly as a result of these policies, the labour-force participation rate of mothers with young children rose from about 30 per cent in 1981 to about 50 per cent in 1991, although the increased participation was almost exclusively in part-time work.

Until 2012, there was no universal, paid parental-leave scheme in Australia. Yet, many employers provided paid parental leave for various periods, because it was seen as a way for firms to attract and retain the best workers. In 2012, the Government introduced a universal parental-leave scheme consisting of 18 weeks of leave paid at the minimum wage. Those already receiving paid parental leave from their employers were permitted to continue to receive the employer entitlement without penalty. In 2013, a new payment of two weeks at the minimum wage was introduced for the fathers or partners of women giving birth. The availability of government-funded paid parental leave has shifted the balance in family payments in favour of working mothers.

A number of other policies are supportive of workers with family responsibilities, and they may have contributed to maintaining Australia's moderately high fertility as more women entered the labour force. For example, all workers are eligible for 10 days of family caregiver's leave per annum, for use when children or other relatives are sick or to attend school functions. So-called "flextime" is also widely available in Australia. By working longer hours (without pay), workers

can build up future leave credits. Parents often use flextime credits to cover the longer leave required during school holidays. More broadly, it has been common in Australia for decades for workers, especially parents, to negotiate with their employers about specific work hours on an individual basis. Finally, Australia has relatively low tax rates that have the effect of placing money in the hands of parents to apply to the costs of raising children.

Support for childcare

In 1983, an income-tested Child Care Allowance was introduced to help working families pay for the costs of childcare. Eligibility for this allowance was later extended to cover middle-income families, and a new Child Care Tax Rebate was introduced in 2004. In combination, the two payments mean that all families using approved forms of childcare get a return from the Government of 55–90 per cent of their childcare costs.

Problems persist in the childcare industry, however, in terms both of quality and cost. Private childcare centres cover about 75 per cent of the full-day childcare market, and a few large employers provide childcare at the workplace. Reportedly, there are supply problems in the industry, with excesses of supply in some areas and deficits in others. The low wages paid to childcare workers have led to labour-supply problems that can only be overcome through large increases in the fees payable. Such increases would, in turn, create access problems if the costs are to be met by parents.

At the 2007 election, the winning Labour Party promised a programme of free and universal early childhood education for all 4-year-olds, but its implementation has been problematic. At the 2013 election, the winning opposition made a commitment to provide 15 hours per week of preschool for all 4-year-olds at no extra cost to parents. This would be provided for a minimum of 40 weeks per year and delivered by qualified early childhood teachers. Supported by both sides of Parliament, the provision of childcare and early childhood education is an extremely important area of reform, but various schemes have been on the policy agenda for 10 years with little progress.

Migration policy and the contemporary population debate

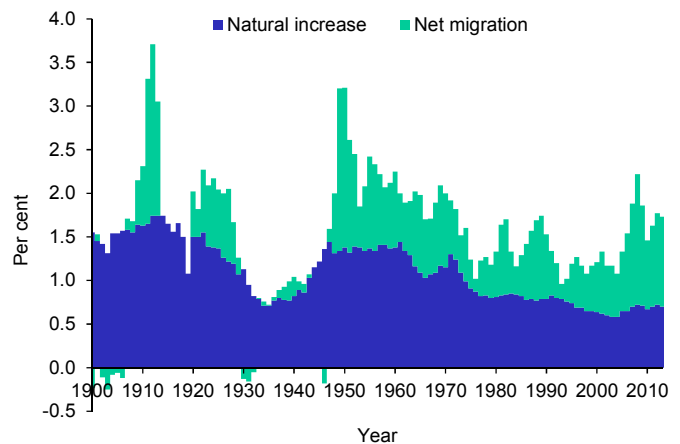
A Department of the Treasury report in 2010 gave rise to an intense debate about Australian population growth and the need for a population policy. The then-Prime Minister, Kevin Rudd, stated that he supported a “big Australia”, but his view was strongly criticized by lobby groups who opposed further population growth mainly for environmental reasons. The next Prime Minister, Julia Gillard, argued that population

growth needed to be slowed down, and the Government set up an enquiry into sustainable population growth in Australia.

Fertility was hardly mentioned in the enquiry report, and certainly there was no evidence of policies to either encourage or discourage childbearing. In fact, in recent years, the level of fertility has largely remained off the political agenda.

This has been possible because Australia has been able to meet its population goals by selecting from a large pool of prospective migrants. From 2006 onwards, net migration has averaged 230 thousand persons per annum, far exceeding any other period in Australian history. Today, Australia’s population policy effectively is policy about the size and nature of the migration programme.

Percentage annual rate of population growth showing components due to natural increase and net international migration, Australia, 1900–2013



NOTES

This policy brief was prepared as background material for the United Nations Expert Group Meeting on Policy Responses to Low Fertility. It can be found online at <http://esa.un.org/PopPolicy/publications.aspx>. Queries can be sent to PopPolicy@un.org.

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